

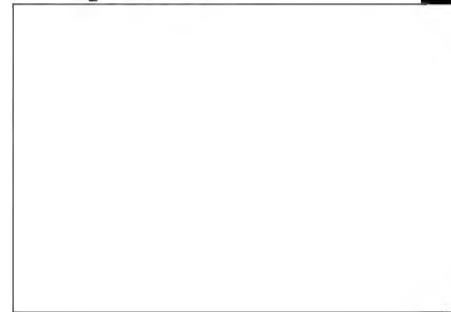


Director of
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③ SOMALIA-ETHIOPIA: Renewed Fighting

Somalia has reversed an earlier claim that attacking Ethiopian and Somali dissident forces had withdrawn across the border and reported another incursion and renewed fighting. [redacted]

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Somali Defense Minister Samantar informed Washington that the border villages of Balenbale and Goldogob remain in Ethiopian and dissident hands and that Ethiopian forces have attacked Ferfer. He asked for more US aid, including tanks, to combat the latest attack. [redacted]

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Samantar's claim contradicts President Siad's public announcement earlier in the weekend that the invading troops had withdrawn following heavy fighting near Goldogob. [redacted]

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Comment: Poor communications with frontline units mean Mogadishu has only sketchy information. In addition, Siad is trying to paint an optimistic picture for home consumption while exaggerating the level of fighting in reports to other governments in order to keep promised US emergency aid coming. [redacted]

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The Somalis have been able to mount effective resistance only at Goldogob, along the road to the main Ethiopian and dissident objective of Galcaio. Possible withdrawals of attacking units from other border villages would reflect Addis Ababa's calculation that the attacks were not working as feints to draw Somali troops from Galcaio. [redacted]

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SPECIAL ANALYSIS

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NICARAGUA: The Sandinistas' Third Anniversary

The Sandinistas are firmly in control of the armed forces and the government and are moving toward the establishment of a totalitarian state. The consolidation of their power bases in the military and the mass organizations has been accompanied by a weakening of the opposition. Persistent economic disarray, however, is causing some popular resentment. If their popularity continues to erode, the Sandinistas would maintain power through force and a dedicated minority.

2 Despite rumors in Managua about the declaration of a "socialist state" at the anniversary ceremonies today, the regime--in the absence of an immediate threat to its stability--is not likely to make any major announcements that could jeopardize access to Western aid. Some structural and personnel changes may be announced, aimed at strengthening Sandinista control. Speeches are likely to emphasize the continued threat from abroad and the need to prepare for further economic problems.

Political Tactics and Economic Problems

1/3 The original strategy of the Sandinistas called for gradual transition to a Marxist-Leninist state. They have reacted to mounting domestic and external pressures, however, with increasing repression of dissidents and mass mobilization of the population.

The Sandinistas believe the US is determined to destroy their revolution by isolating Nicaragua and manipulating exile groups and neighboring countries. As a result, they have maintained their support for other Central American leftists.

The Sandinistas are aware that their power rests ultimately on developing strong and loyal military and internal security forces, and they have made major strides in that direction. The regime has emphasized the political education and discipline of its armed forces, and it

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has built the largest and best motivated military establishment in Central America with the help of some 2,000 Cuban advisers and Soviet-made hardware. [REDACTED]

The economy remains the Sandinistas' major weakness. They have reacted to economic difficulties by confiscating more land and by increasing centralized control over commerce and production. Over 50 percent of land confiscations under the agrarian reform program decreed a year ago have occurred during the last few months. [REDACTED]

Radical policies have entailed serious costs that the dominant hardliners in the ruling Sandinista National Directorate apparently are willing to pay as inevitable consequences of a social revolution. Some costs--erosion of credibility in the West, a middle class exodus, and defections from the government--may even be welcomed by ideologues as enhancing the purity of the revolution. [REDACTED]

The leadership, however, seems more concerned about growing popular apathy and dissatisfaction over shortages, unemployment, and inflation. It apparently is having success in using mass organizations to rally popular support and to attribute economic difficulties to the challenge posed by the US and "rightwing" insurgents. [REDACTED]

Prospects for the Opposition

Moderate opposition groups consist of four small political parties, two independent labor unions, and various businessmen's associations. They have failed, however, to gain any leverage. Since the state of emergency was decreed in March, they have been subjected to increasing restrictions and harassment, and their chances of mounting a successful challenge to the regime from inside the country have all but disappeared. [REDACTED]

Most opposition leaders realize the risks of a confrontation with the regime and have disassociated themselves from exiled leaders Pastora and Robelo. At the same time, they are cautiously watching the activities of exile groups, with which they are privately sympathetic. In the months ahead, many dissidents--unable to tolerate government repression--probably will decide to leave the country. [REDACTED]

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The regime is increasingly troubled by cross-border raids by more than 1,000 former members of the National Guard, ex-Sandinistas, and Miskito Indians based in Honduras. Sandinista forces have suffered heavy casualties in recent clashes, and this probably will lead to further mobilization and militia recruitment. The Sandinistas are genuinely concerned about the insurgent threat and are giving wide publicity to "counterrevolutionary" activities in order to build popular support. [redacted]

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Only Pastora appears to have the potential to unite the disparate anti-Sandinista forces. So far, however, he has refused to join forces with his former enemies in the National Guard, the largest as well as the best equipped and trained anti-Sandinista group. Pastora believes--probably correctly--that such an alliance would undercut his credibility in Nicaragua and give support to the Sandinistas' contention that he--with US backing--wants to restore the former regime. [redacted]

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✓ Pastora is encouraged by the results of his recent three-week tour of Western Europe. He is likely to continue working to isolate the Sandinistas internationally while exerting political and psychological pressure on the regime. [redacted]

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The exiled leader probably hopes this will provoke additional repressive and arbitrary measures that could result in a popular backlash against the government. In response, the regime is likely to intensify efforts to discredit him. [redacted]

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Outlook

Economic prospects will remain bleak for the foreseeable future. The government probably will continue stringent restrictions on imports and expand control over distribution of essential consumer goods. A strict rationing system--along Cuban lines--may have to be imposed within the year. [redacted]

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Although Managua's standing with non-Communist nations has eroded, access to some Western economic assistance appears secure for the near term. The recent

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visit of junta coordinator Ortega to Paris was not only a political and psychological boost for the Sandinistas, but reportedly also resulted in a \$14.7 million economic and financial assistance agreement. Nevertheless, Western aid is likely to fall short of the level needed to allow increases in real GNP this year. [REDACTED]

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1/8 As the economic slide continues and political repression intensifies, a growing number of Nicaraguans of all social classes probably will become alienated. The Sandinistas, therefore, almost certainly will accelerate efforts to build the institutional bases for a totalitarian Marxist state by strengthening their party and mass organizations. [REDACTED]

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